

U.S. Poverty Trends: Mystery: why has poverty fallen so little since 1971?

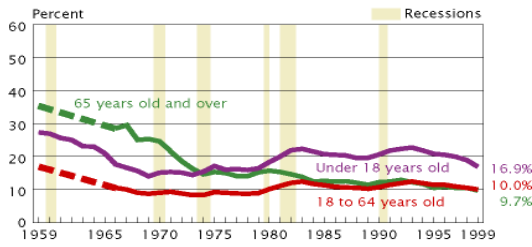
World Poverty and Economic
Development ECRG 3240
Fordham University, NY

Key trends in the 1980s

- From 1959 to 1972 poverty fell rapidly from 22% to 11.3%, but stopped falling in the 1970s
- From 1980 to 1993 poverty rose to about 14% as unemployment rose & men's wages fell.
- Poverty among children rose to about 25% in 1980s, while for the elderly poverty fell steadily to under 10% (9.7% in 1999).
- From 1993 to 2000 the overall poverty rate fell back to about 12%, declining most rapidly for children, African Americans and Hispanics.

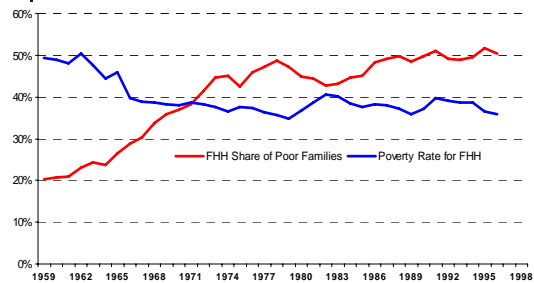
Poverty among Children Fell During the 1993-98 Economic Boom Poverty Rates by Age: 1959 to 1999

Child poverty lowest since 1979; elderly
poverty rate lowest since first measured

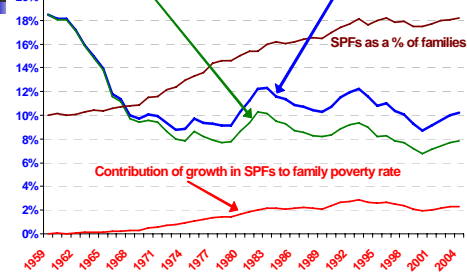


Source: U.S. Census Bureau, Current Population Survey, March 1960 to 2000.

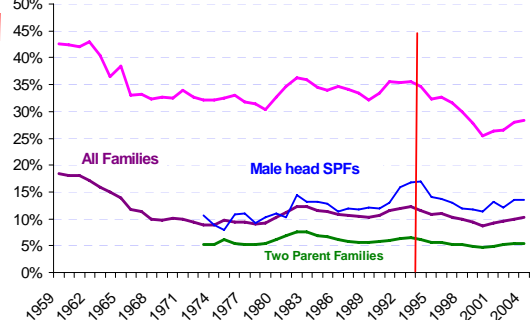
Female Headed Households rose as a share of poor households in the 1960s



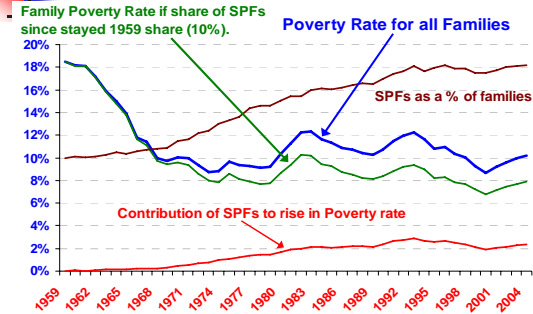
Family Poverty Rate if share of SPFs since stayed at its 1959 share of 10.3%



1996 welfare reform: ends welfare as we knew it...



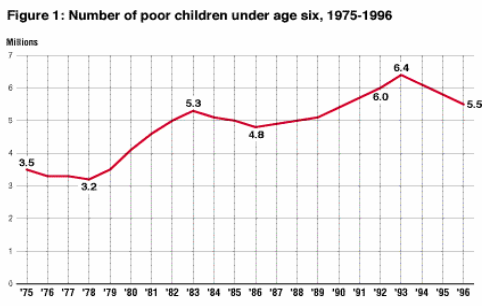
Single parent families for better or worse...



Poverty Among young children rose rapidly from 1980 to 1983: Why & What can be done?...

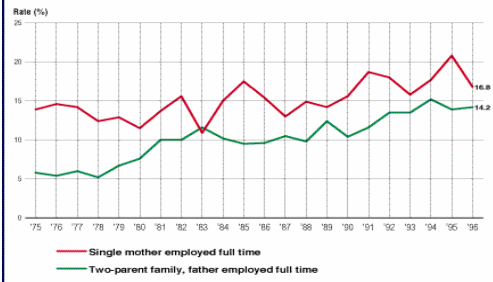
"There is no such thing as undeserving 5 year old."
 Charles Murray *Losing Ground* (1984)

The Number of Poor Children increased dramatically in 1980s



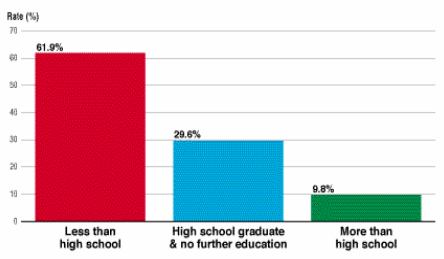
Working Poor with no Medical Insurance: a full-time Job may not be Enough

Figure 9: Poverty rates of children under age six with single mother employed full time and in two-parent families with father employed full time and mother unemployed, 1975-1996



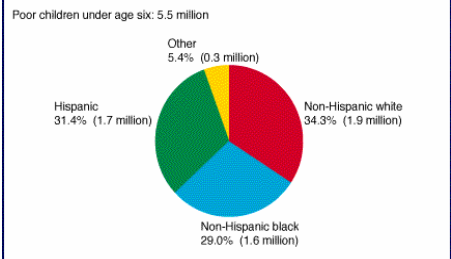
Education is a Good Predictor of Poverty among Children Under 6...

Figure 7: Poverty rates of children under age six by educational level of the more educated parent, 1996



But Race is not..

Figure 4: Number and percentage distribution of poor children under age six by race/ethnicity, 1996



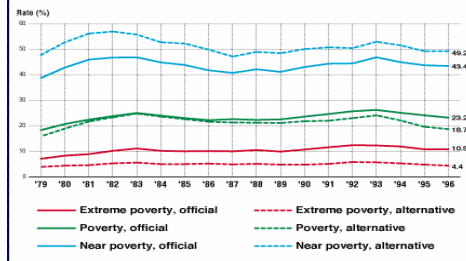
Family Structure is also a factor...

Table 1: Number and percentage of poor children, and poverty rates of children under age six by age of mother at birth and by family structure, 1996

Family structure and maternal age at birth	Poor children under age six		Poverty rate %
	Number	%	
Children born to teenage mothers	888,745	16.2	47.1
Children born to adult mothers	4,602,943	83.8	21.1
Living with two parents	1,887,779	34.4	11.5
Living with father only	340,534	6.2	31.6
Living with mother only	3,082,262	56.1	54.8
Living with neither parent	181,113	3.3	33.1

In-kind Transfers and the EITC help, especially at the very bottom...

Figure 10: Extreme poverty, poverty, and near poverty rates for children under age six by official and alternative measures, 1979-1996



Families with Children do get In-Kind Transfers and Tax Credits

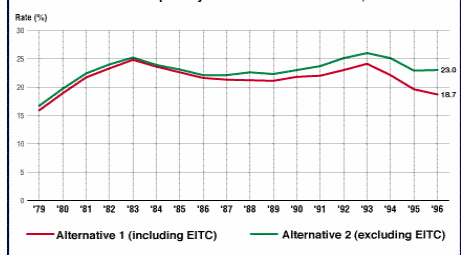
To get an "alternative" poverty rate: take the official Census Bureau poverty line and add these in-kind, "near-cash" benefits:

- Food stamps, Housing subsidies & School lunches
- then add Earned Income Tax Credit (EITC) tax refunds
- and subtract federal, state, and payroll taxes.

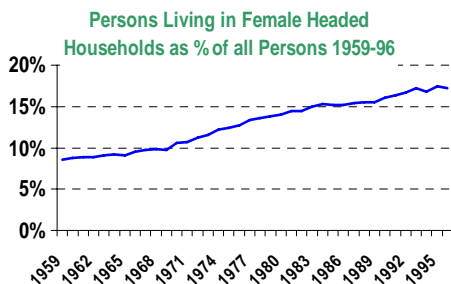
Source: <http://cpmcnet.columbia.edu/dept/nccp/>

The EITC is particularly helpful, reducing Under 6 poverty by 4% or about 10 million

Figure 11: A comparison of poverty rates for children under age six using alternative measures of poverty with and without the EITC, 1979-1996



But share of persons living in FHH rose steadily, then leveled off after 1995



Welfare Caseloads decline dramatically after 1996 due to welfare reform and a tight labor market...

U.S. Welfare Recipients % of Population

